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13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

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16 SECURITIES AND EXCHANGE
COMMISSION,
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Plaintiff,
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v.
19 GINA CHAMPION-CAIN and ANI
20 DEVELOPMENT, LLC,
21
Defendants,
22 AMERICAN NATIONAL
INVESTMENTS, INC.,
23
Relief Defendant.

Case No. 3:19-cv-01628-LAB-AHG

**RECEIVER'S REPLY TO CHICAGO
TITLE COMPANY AND CHICAGO
TITLE INSURANCE COMPANY'S
OPPOSITION TO MOTION FOR
APPROVAL OF SETTLEMENT
AGREEMENT WITH WILLIAM
ADAMS AND RELATED ENTITIES**

Date: May 3, 2021
Time: 11:15 a.m.
Chambers: 14A
Mag. Judge: Hon. Larry Alan Burns

1 Krista Freitag ("Receiver"), the Court-appointed permanent receiver for
2 Defendant ANI Development, LLC, Relief Defendant American National
3 Investments, Inc., and their subsidiaries and affiliates, submits this Reply to Chicago
4 Title Company and Chicago Title Insurance Company's ("CTC") Opposition to
5 Motion for Approval of Settlement Agreement with William Adams and Related
6 Entities ("Motion").

7 CTC first argues the insurer that issued the applicable professional liability
8 policy to the Adams Parties should be identified. The Receiver has no objection to
9 identifying the insurer, which is Greenwich Insurance Company (this information
10 would have been provided to CTC if it had asked for it). The Adams Parties have
11 represented that this is the only available insurance coverage for the receivership
12 estate's claims against them.

13 CTC next argues the Court must determine now, as part of the order granting
14 this Motion and approving the Adams Settlement, that the "proportionate share"
15 approach will be applied if and when the Receiver ultimately goes to trial against
16 CTC and obtains a judgment. However, this issue is not currently before the
17 Court. The Receiver has not yet been granted authority to bring an action against
18 CTC on behalf of the receivership estate. Therefore, a trial, if one happens at all,
19 would not occur for quite some time. Moreover, the Receiver has requested
20 permission to file her action against CTC in state court, so it is not clear the federal
21 authorities CTC cites in its opposition will govern, as opposed to California statutes
22 and case law on the issue. If and when the Receiver and CTC ultimately get to a
23 trial, the issue of how the Adams Settlement affects CTC's potential liability will be
24 ripe for the trial court to decide. At that point, the parties can address the applicable
25 law and the trial court handling the case can make appropriate rulings. Unless and
26 until that trial occurs, determination of such issues would be premature.

27 Finally, CTC argues the Adams Parties should be barred from bringing claims
28 related to the ANI scheme against anyone else, including CTC. CTC cites no

1 authority indicating that such a bar order should be required or is appropriate. The
2 proposed settlement is the result of extensive good faith negotiations between the
3 Receiver and the Adams Parties. The settlement is not at all a “sweetheart deal” as
4 CTC suggests, but rather represents the best outcome for receivership estate in light
5 of the risk inherent in all litigation, the available insurance coverage, and the limited
6 assets of the Adams Parties.

7 The bar order that is part of the Adams settlement is a material term of the
8 settlement and must be approved substantially in the form submitted for the
9 settlement to become effective. The bar order is also supported by ample Ninth
10 Circuit authority, as laid out in the Motion. The Adams Parties have made it clear
11 they do not agree to adding a separate bar order in favor of CTC to the settlement
12 terms after the fact. This means the opportunity to secure a settlement that is
13 beneficial to the receivership estate may well be lost if the Court requires a bar order
14 in favor of CTC. Accordingly, CTC’s attempt to modify the proposed bar order in
15 its favor should be rejected.

16 For the foregoing reasons, the Motion should be granted in full and the
17 proposed order approved in the form submitted.

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19 Dated: April 26, 2021

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By: s/Edward G. Fates

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